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~REPORT~

*CITIZENS TASK FORCE ON ENERGY PROBLEMS
OF
FIXED AND LOW INCOME CONSUMERS*

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Citizens Task Force on Energy Problems of Fixed & Low Income Consumers

Keith Colbo, Chairman

Dear Reader,

The Citizen's Task Force on Energy Problems of Fixed and Low Income Consumers is pleased to present to you this report. As you will read, the report is the result of months of extensive research and deliberation. Members of this statewide group took their jobs very seriously trying to design the most effective recommendations for the fixed and low income people of Montana.

A draft of this report has been reviewed by various groups and individuals throughout the state. Those submitting letters of support and comments for the total draft, its recommendations or its concepts are:

Members

Monte Azure - St. Ignatius
Mt. United Indian Alliance

Keith Colbo - Helena
Dept. of Social & Rehabilitation
Services

Alice Flynn - Bozeman
Low Income

Harold Fryslie - Helena
Dept. of Community Affairs

Karen Hess - Gt. Falls
Mt. Power to the People

Beverly Johnson - Kalispell
Montanans In Action for People

Bob Kelly - Missoula
Champion International

Rev. Franklin Kohl - Gt. Falls
Mt. Association of Churches

Mitchell Mikhailovich - Butte
Plumbers & Pipefitters

Vivian Miller - Missoula
Small Business

Rondali Morneau - Polson
Mt. Coalition for Handicapped
Individuals

Sharon Peterson - Winifred
Women In Farm Economics

Loretta Plovanic - Havre
Human Resources Development
Council

Stan Rogers - Billings
Area Agency on Aging

Paul Schmechel - Butte
Montana Power Company

Carl Visser - Billings
Human Resource Development
Council Directors Association

Area II Agency on Aging
Fergus Electric Cooperative Inc.
Medicine Lake Senior Citizen Club
Dept. of Social and Rehabilitation Services - Visual Services Bureau
Human Resources Development Council, District IV, Executive Committee
American Association of Retired Persons, Inc., Chapter #231
Bear Paw Development Corporation of Northern Montana
Dept. of Social and Rehabilitation Services -- Aging Services Bureau
Dept. of Social and Rehabilitation Services -- Vocational Rehab. Division
Human Resources Council, District XII, Butte, Montana
North Central Area Agency on Aging, Inc.
Powder River County Council on Aging
Richland County Commission on Aging, Inc.
Social Work Supervisor-Yellowstone County Dept. of Public Welfare
The Confederated Salish and Kootenai Tribes of the Flathead Reservation
Yellowstone County Council on Aging, Inc.

These letters are on file with the Citizen's Task Force if you wish to review their contents.

Other groups, such as Montana's Power to the People, are in the process of reviewing and commenting at the time this report goes to print. When their letters are received, they will be placed on file for your reference.

Many hours of time and dedication have been devoted to the problems of fixed and low income people and energy costs. As Chairman of the Citizen's Task Force on Energy Problems of Fixed and Low Income Consumers, I take pride in presenting you this report and hope that it will be used and reused resulting in not only better conditions for the fixed and low income people of Montana, but all Montanans.

Sincerely,

Keith P. Colbo

Keith Colbo,
Citizen's Task Force
Chairman

REPORT of the CITIZENS TASK FORCE ON ENERGY PROBLEMS OF FIXED AND LOW INCOME CONSUMERS

I. BACKGROUND

Rising costs of energy fall as a heavy burden on the people of Montana who live on fixed and low incomes.

For many families whose budgets are inflexible, energy costs compete for scarce dollars with other basic necessities of life. Living on incomes insufficient to meet the demands of inflation, large groups of Montana citizens, especially during the winter months, often are forced to make actual choices between "food and fuel, health or heat." The energy problems of low income and elderly consumers, handicapped citizens with special energy needs and income limitations, and people on incomes fixed at a limited level are statewide in scope.

In recognition of the universality of the energy problems of fixed and low income people and of the need to devise solutions to those problems, the Montana Power Company volunteered in 1979 before the Public Service Commission to serve as a convener to organize an independent task force. The task force was to be designed to identify the issues and study the energy problems of low and fixed income persons, study existing and proposed methods of providing assistance, and to propose specific recommendations which would alleviate those problems.

Membership in the task force, determined through a nomination process, was to include representatives from fixed and low income consumers, social agencies, energy suppliers, and small and large consumers, in order to arrive at a broad geographic, minority and interest group representation.

The Citizens Task Force on Energy Problems of Fixed and Low Income Consumers is composed of sixteen people, whose names and affiliations follow. Task Force members are broadly representative of Montana, drawn from business, industry, utilities, labor, senior citizens, low and fixed income groups, urban Native Americans, and agencies providing services to those on low and fixed incomes. A wide range of geographic home locations is represented.

The Task Force maintained a flow of communication with the group each member represented. Each member reported to his or her home group on progress of the Task Force and returned to Task Force meetings with reactions and opinions of the home groups.

The Montana Power Company reimbursed travel expenses, lodging and food; paid the moderator and a writer for the Task Force; and financed staff support as well as resource people from various topic areas and viewpoints.

The Citizens Task Force convened its first meeting March 6, 1980 with the purpose of identifying the energy problems of fixed and low income consumers, studying methods of providing realistic assistance, and structuring specific recommendations to solve those problems.

Monte Azure, St. Ignatius
Montana United Indian Association

Keith Colbo, Helena (chairman)
Former Director, Department of Social and Rehabilitation Services

Alice Flynn, Bozeman
Low Income

Harold Fryslie, Helena
Director, Department of Community Affairs

Karen Hess, Great Falls
Montana's Power to the People

Beverly Johnson, Kalispell
Montanans in Action for People

Bob Kelly, Missoula
Champion International Corporation

Rev. Franklin Kohl, Great Falls
Montana Association of Churches

Mitchell Mihailovich, Butte
Plumbers and Pipefitters Local 41

Vivian Miller, Missoula
Small business

Randall Morigeau, Polson
Montana Coalition for Handicapped Individuals

Sharon Peterson, Winifred
Women Involved in Farm Economics

Loretta Plovanic, Havre
Human Resources Development Council

Stan Rogers, Billings
Area Agency on Aging

Paul Schmechel, Butte
Montana Power Company

Carl Visser, Billings
Human Resource Development Council Directors Association

III. STATE FOCUS

The Citizens Task Force wishes to emphasize that the influences of energy affect the people of Montana as a whole — rich as well as poor, young as well as old — regardless of position or circumstance.

To determine public policy without attention to that fact is to confine "the public" to a phantom group — people who are unaffected by energy dilemmas, who are untouched by inflation, who will never grow old, who will never have essential needs they cannot accommodate for themselves, who will never fall prey to the serfdom of despair: people who do not exist and who never have existed. If "the object of government is the welfare of the people," then those people whose welfare is the object of government should be real people.

Today in the United States there are 16.2 million low income households. In the northern cold-climate states, those low income people spend around 40 percent of their incomes for fuel and utilities, as stated in the previously mentioned Grier report and in data from the Montana Community Services Administration. In contrast, middle income people spend about 10 percent of their incomes for fuel and utilities, and upper income people spend approximately five percent. In Montana, the Department of Community Affairs' report **Poverty in Montana** states that low income Montanans — 11.5 percent of the state population — will pay 33 percent of their income on fuel alone in 1981.

When heat and utility bills are combined with house or rent payments to arrive at the proportion of monthly income spent for all basic shelter costs by low income people, the figures are irreconcilable with any claim to equality of living standards. Anthony J. Maggiore, Jr., Associate Director of Programs in Milwaukee, in testimony before the United States Senate Committee on Aging, revealed basic shelter costs which the Montana Community Services Division feels are among the most accurate of the several reports now existing. In his testimony Maggiore reported: Low income people using gas heat spend an average of 81.7 percent of their monthly income during winter months on all basic shelter costs; low income people using oil heat spend 91.9 percent of their monthly incomes on such costs during winter months.

Substandard housing compounds the problem. Weather protection in low income homes is far below average. Low income people are disproportionately located in rural areas — in Montana, 47 percent of the low income population is located in rural areas (unincorporated towns and towns of less than 1,000 population) according to the **Poverty in Montana** statistical analysis; nationally, the figure is 42 percent. Montana's severe winter climate and correspondingly high energy consumption complicates the problem of low income housing that is often inadequate to meet basic warmth and comfort standards. Only about one-quarter of low income housing has insulation in both ceiling and walls; about the same proportion has all windows protected by storm windows or insulating glass; an even smaller proportion has window weatherstripping; and less than one-third has all exterior doors protected by storm doors. In Montana, weatherization — the process of equipping, primarily through federally funded programs, low income housing with insulation to retard heat loss and made them less costly to heat — has not yet been completed to a degree sufficient to relieve substantially the weather protection inadequacies of low income housing. (See Table and Map I.)

From January 1, 1977 to December 31, 1979 Montana electric rates increased from a low of 19 percent for Montana-Dakota Utilities to a high increase of 26 percent for Pacific Power and Light, with computations based on an average customer use of 8000 KWH per year. Montana Power Company rates for the same period of time and using the same computation rate increased 23 percent. Natural gas rates were increased 124 percent by Montana-Dakota Utility during that time period, with natural gas rate increases of 30 percent for the winter months and 74 percent for the rest of the year for areas of the state served by Montana Power Company. (It must be noted that percentage increases do not reflect a uniform rate base, making a difference in the percentage increase. Some utilities had lower base rates than others when rate increases were effected. See Table II and Table III.)

In further data, compiled by the Community Services Division of the Department of Community Affairs, between 1977 and April of 1980 heating oil went up in Montana from a low increase of 95.3 percent in Butte to a high increase of 122.2 percent in Great Falls; propane costs went up from a low increase of 29.1 percent in Sidney to a high of 64.9 percent in Butte. These figures emphasize the urgency of the need for assistance in fuel costs for fixed and low income people. (For fuel sources by county, see Table IV.)

Budgets which cannot meet basic living needs to begin with cannot accommodate soaring energy costs without denying other basic needs. According to information compiled by the Department of Community Affairs, Montana is the second highest of seven Western states in the percentage of population below poverty level — competing for dubious honors with Idaho, Wyoming, Colorado, Utah, North Dakota and South Dakota — with 11.5 percent of the population of this state at or below the poverty level.

Although the energy crisis, with its resource and political causes and effects, is national and international in scope, the cost problem is local and immediate. It affects the amount of money each household has to spend for essentials. It affects the local economy, the cost of local government, the dynamics of local employment, the prosperity of the community.

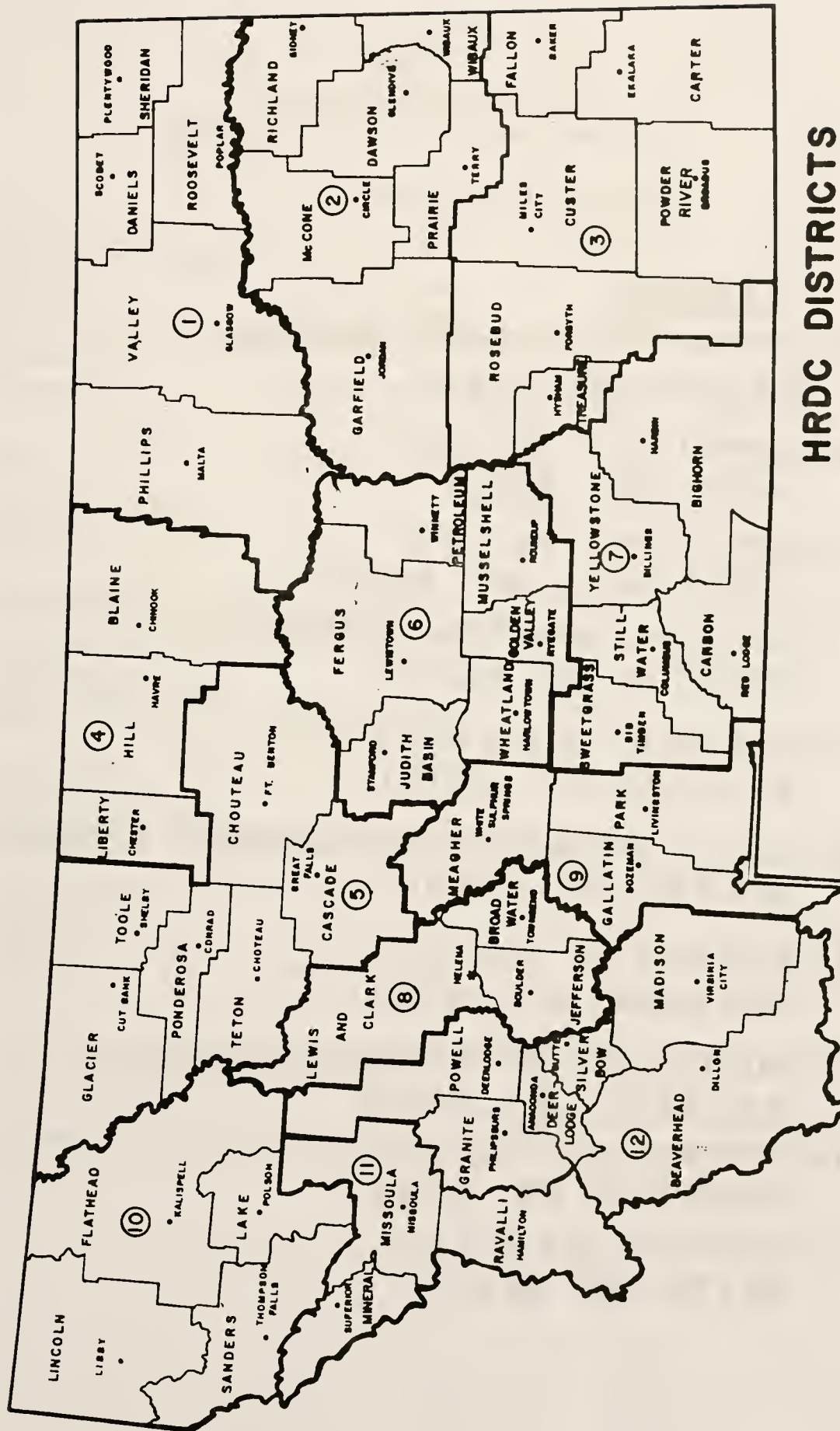
For these reasons the Citizens Task Force on Energy Problems of Fixed and Low Income Consumers committed itself to the identification of problems and to the seeking of solutions.

TABLE I
MONTANA'S WEATHERIZATION PROGRAM
BY HRDC DISTRICTS¹

HRDC DISTRICT	PROGRAM MONEY FOR	HOUSES TO COMPLETE	COMPLETED FROM 6/1/79 THROUGH	COMPLETED 1975-1979	TOTAL LOW INCOME HOUSE- HOLDS IN DISTRICT	PERCENTAGE TOTAL LOW INCOME HOUSE- HOLDS O & R²
	5/1/80- 12/30/80	5/1/80 12/30/80	4/30/80			
Action for Eastern Montana	\$191,632	160	320	1470	3515	O-51% R-49%
Havre	\$ 98,397	82	90	352	2035	O-37% R-63%
Great Falls	\$201,475	202	377	1086	6762	O-36% R-64%
Roundup	\$ 86,430	72	60	294	1696	O-54% R-46%
Billings	\$197,000	197	183	425	6823	O-43% R-57%
Bozeman	\$109,000	191	94	353	2718	O-35% R-65%
Helena	\$ 93,600	78	135	694	1926	O-38% R-62%
Kalispell	\$157,600	131	322	575	5040	O-54% R-46%
Missoula	\$150,000	125	181	856	4407	O-41% R-59%
Butte	\$162,134	162	183	627	5032	O-41% R-59%

¹The current weatherization program refers to the process of installing insulation, weatherstripping and other materials necessary to retrofit homes of low-income people. The Human Resource Development Councils (HRDC) currently administer the program at the local level. Funds are primarily federal dollars. See Map I for HRDC District areas.

²O - Owned and R - Rented. Data obtained from the Department of Community Affairs.



HRDC DISTRICTS

1-12 - REPRESENTS HUMAN RESOURCE
DEVELOPMENT COUNCIL DISTRICT
NUMBER & OFFICE HEADQUARTERS.
(FOR LEGEND SEE SHEET 2)

MAP I

MONTANA

MAP I CONTINUED

LEGEND

**1, 2, & 3 — ACTION FOR EASTERN MONTANA
GLENDALE, MT. 59330**

**4 — DISTRICT IV H.R.D.C.
HAVRE, MT. 59501**

**5 — OPPORTUNITIES INC.
GREAT FALLS, MT. 59401**

**6 — CENTRAL MONTANA DISTRICT VI
ROUNDUP, MT. 59072**

**7 — DISTRICT VII H.R.D.C.
BILLINGS, MT. 59101**

**8 — ROCKY MOUNTAIN DEVELOPMENT COUNCIL
HELENA, MT. 59601**

**9 — DISTRICT IX H.R.D.C.
BOZEMAN, MT. 59715**

**10 — NORTHWEST MT. RESOURCE COUNCIL
KALISPELL, MT. 59901**

**11 — DISTRICT XI H.R.D.C.
MISSOULA, MT. 59801**

**12 — DISTRICT XII H.R.D.C.
BUTTE, MT. 59701**

TABLE II
CHANGES IN UTILITY BILLS
JANUARY 1, 1977 TO DECEMBER 31, 1979

UTILITY	1977	1979	PERCENT INCREASE		
* Montana- Dakota Utility					
Electric	\$22.28	\$26.48	19%		
Gas	\$11.29	\$25.30	124%		
* Montana Power					
Electric	\$15.28	\$18.77	23%		
		Winter	Rest of Year	Winter	Rest of Year
Gas	\$21.07	\$27.44	\$36.59	30%	74%
* Pacific Power & Light					
Electric	\$11.65	\$14.73	26%		
★ COOPERATIVES					
Flathead Electric Cooperative Inc.					
Members Served - 6200					
Electric	\$15.01	\$18.95	26%		
Lincoln Electric Cooperative, Inc.					
Members Served - 2038					
Electric	\$16.15	\$17.32	7%		
Goldenwest Electric Cooperative, Inc.					
Members Served - 980					
Electric	\$27.80	\$37.54	35%		

* Computations based on an average customer use of 8000 KWH per year, or 666 per month, and 144 MCF of natural gas per year or 12 MCF per month.

★ Cooperative Rates represent a sample of small, medium and large rural electric cooperatives in Montana. Total members served are noted from Montana Associated Utilities, Montana Directory, 1980.

**TABLE III
ELECTRIC
RATES IN EFFECT ON JANUARY 1, 1977
AND DECEMBER 31, 1979**

UTILITY	ELECTRIC RATES IN EFFECT ON 1/1/77	ELECTRIC RATES IN EFFECT ON 12/31/79
Montana-Dakota Utilities	Base Rate: \$1.50 1st 50 KWH* --- 3.545¢ per KWH Next 100 KWH --- 3.295¢ per KWH Excess --- 3.045¢ per KWH	Base Rate: \$4.00 1st 250 KWH --- 4¢ per KWH Excess --- 3¢ per KWH
Montana Power Company	1st 20 KWH or less \$1.40 Next 80 KWH --- 4.44¢ per KWH Next 100 KWH --- 3.11¢ per KWH All additional KWH --- 1.55¢ per KWH (Rate Schedule R-72)	Monthly Service Charge: \$2.25 All KWH --- 2.4804¢ per KWH (Rate Schedule R-77 Supp. No. 1)
Pacific Power and Light Company	Base Rate: \$1.50 All KWH --- 1.524¢ per KWH	Base Rate: \$4.00 All KWH --- 1.911¢ per KWH
★ COOPERATIVES		
Flathead Electric Cooperative, Inc Members Served - 6200	1st 50 KWH: \$4.00 Next 250 KWH --- 2.5¢ Over 300 KWH --- 1.3¢	1st 50 KWH: \$5.00 Next 250 KWH --- 2.8¢ Over 300 KWH --- 1.9¢
Lincoln Electric Cooperative, Inc. Members Served - 2038	1st 50 KWH: \$3.50 Next 250 KWH --- 2.5¢ Next 400 KWH --- 1.75¢ Over 700 KWH --- 1¢	Service Charge: \$6.00 All KWH --- 1.7¢
Goldenwest Electric Cooperative Inc. Members Served - 980 Electric	1st 50 KWH --- 12¢ Next 50 KWH --- 8.5¢ Next 200 KWH --- 4.2¢ Next 1700 KWH --- 2.5¢ Over 2000 KWH --- 2.3¢	Base Charge: \$6.00 1st 300 KWH --- 6¢ Over 300 KWH --- 3.7¢

* KWH is the abbreviation for kilowatt hours, a measure used in electricity usage. These figures were used in computing the dollar amounts used in Table II.

★ Cooperative Rates represent a sample of small, medium and large rural electric cooperatives in Montana. Total members served are noted from the Montana Associated Utilities, Montana Directory, 1980.

TABLE IV
HEATING FUEL USE BY HOUSING UNITS*

COUNTIES	PERCENT USING BOTTLED GAS	PERCENT USING WOOD	PERCENT USING ELECTRICITY	PERCENT USING COAL	PERCENT USING FUEL OIL & KEROSENE	PERCENT USING UTILITY GAS
Beaverhead	5.0	6.4	6.5	12.6	26.5	42.9
Big Horn	24.9	.5	1.6	7.6	11.3	51.9
Blaine	13.4	1.2	1.8	5.8	21.7	56.1
Broadwater	32.3	5.7	11.0	4.7	38.2	8.1
Carbon	9.3	0	3.3	8.9	6.9	69.1
Carter	61.7	0	2.8	0	30.3	5.2
Cascade	4.2	.2	2.1	.2	4.5	88.2
Chouteau	21.1	0	13.1	0	59.6	6.2
Custer	9.8	0	3.0	2.3	3.7	80.7
Daniels	34.3	0	7.4	0	58.3	0
Dawson	9.2	0	0	.5	3.9	86.3
Deer Lodge	1.3	3.6	1.3	0	2.2	91.7
Fallon	16.8	0	0	7.1	3.6	72.5
Fergus	7.4	.5	6.0	8.8	19.1	58.2
Flathead	2.6	2.5	8.6	0	30.3	55.7
Gallatin	7.8	.6	2.2	0	12.6	76.7
Garfield	60.5	0	8.6	3.1	19.7	4.3
Glacier	8.8	3.0	2.1	0	8.0	78.1
Golden Valley	35.5	0	0	22.5	42.0	0
Granite	10.2	0	8.1	3.9	10.5	67.3
Hill	4.3	.4	1.1	.9	13.3	80.0
Jefferson	10.1	3.6	1.8	3.2	22.1	59.1
Judith Basin	20.0	0	21.7	4.1	54.1	0
Lake	13.3	9.3	5.7	1.0	68.0	2.1
Lewis & Clark	5.9	1.1	2.4	.2	3.2	87.3
Liberty	6.8	0	7.2	0	18.0	68.0
Lincoln	16.8	12.3	17.9	0	47.8	4.3
McCone	28.7	0	1.8	2.9	60.4	6.1
Madison	16.2	8.7	5.0	7.3	44.3	18.5
Meagher	31.5	17.8	6.0	8.8	26.5	9.4
Mineral	22.2	4.8	10.2	0	60.0	2.9
Missoula	2.1	1.5	3.6	1.2	7.7	83.4
Musselshell	17.7	0	1.5	66.9	9.0	5.0
Park	9.5	4.6	2.1	.7	8.6	74.4
Petroleum	10.1	0	29.6	0	49.7	10.6
Phillips	10.5	1.3	2.6	1.3	17.8	66.5
Pondera	10.5	2.9	3.1	1.9	15.2	66.3
Powder River	60.7	2.2	4.3	9.8	13.5	13.7
Powell	8.1	5.3	2.1	1.2	9.3	69.7
Prairie	18.6	0	0	10.5	18.8	52.1
Ravalli	7.0	9.3	11.0	.4	13.9	58.2
Richland	18.8	0	1.8	3.3	2.9	73.3
Roosevelt	22.9	0	2.6	0	17.2	56.8
Rosebud	29.2	2.7	2.0	11.0	11.6	43.3
Sanders	18.4	11.4	10.7	1.7	55.3	2.5
Sheridan	43.5	0	3.3	5.6	46.5	0
Silver Bow	1.5	.8	1.4	.4	.8	94.9
Stillwater	15.2	2.4	1.3	5.3	9.3	66.5
Sweet Grass	14.2	5.4	3.9	1.5	12.8	62.1
Teton	12.4	0	2.4	0	30.9	54.3
Toole	8.6	0	0	0	6.7	84.7
Treasure	20.1	0	25.9	17.5	30.7	5.7
Valley	8.3	0	7.8	0	13.7	70.2
Wheatland	16.6	0	4.7	8.8	6.2	63.6
Wibaux	39.1	0	0	5.6	4.4	51.0
Yellowstone	2.8	0	2.0	1.1	1.5	92.0

* Figures based on 1970 Census Data and referenced from Department of Community Affairs, Poverty in Montana, 1980 pp. 267-268.

IV. TASK FORCE VIEWPOINT

The Citizens Task Force on Energy Problems of Fixed and Low Income Consumers has concluded that a realistic definition of people who are in critical need of assistance with energy problems should include those on limited fixed incomes as well as people at the defined poverty level. For the purposes of this report, fixed and low income consumers are considered to be consumers having incomes at 150 percent of poverty level as defined by the Bureau of Labor Statistics.

The low income population of Montana, according to figures in **Poverty in Montana** that were adjusted by a 1975 special survey, is estimated to be approximately 90,000 persons. Compensating for the inclusion of people on limited fixed incomes, the population of people in real need of energy assistance in Montana is considered to be 100,000 people for the purposes of this report.

The Citizens Task Force maintains that personal worth does not depend on personal wealth, and encourages this concept as a basic principle in the administration of assistance programs for fixed and low income people — who often are hesitant to accept assistance that has been established for them as members of this society.

The Task Force recognizes the continuing nature of energy problems and the increasingly crucial effect of those problems on the lives of fixed and low income citizens. With an unprecedented rate of inflation and an accelerating increase in energy costs, people on fixed and low incomes are faced with desperate choices in conducting their daily lives.

To alleviate this burden on fixed and low income people, the Task Force concludes that:

1. Direct Assistance — programs designed to relieve energy problems of a crisis nature with emergency, short-term solutions — must be improved to realistically address and better accommodate the real needs of people;
2. Data collection and distribution of information must be expanded and improved;
3. Conservation measures, including weatherization and other similar efforts, must be expanded and accelerated in order to provide long-term solutions to energy problems;
4. Coordination of local, state and federal assistance programs would result in better delivery of assistance and would contribute to lowered administrative cost by avoiding needless duplication;
5. Conservation education is essential to the success of programs to solve energy problems;
6. Development of alternative sources and forms of energy must be accelerated;
7. A comprehensive energy policy is needed in order to construct a meaningful, workable program of energy assistance for the fixed and low income and handicapped people of Montana.

V. RECOMMENDATIONS

TO THE MONTANA STATE LEGISLATURE

A. Montana Energy Policy

In view of the serious and continuing nature of the energy problems faced by all political structures and the effect of those problems on the lives of people, it is considered by the Citizens Task Force that the body of individual acts which has served as an energy policy for this state is no longer sufficient to serve the demands of the times.

The Citizens Task Force recommends that a Montana Energy Policy be developed in a format and language easily understandable to users of services. It is suggested that such an Energy Policy adequately respond to the needs of fixed and low income and handicapped people; that attention be given to the special problems of fixed and low income people in rural as well as urban areas; that a commitment to energy conservation by state and local governments be emphasized as a primary priority; that financial support and a high expectation of result be devoted to the development of alternative and appropriate technologies; that lines of responsibility, including responsibility for interagency coordination of energy programs, be established.

The Citizens Task Force here presents a series of recommendations to the Montana Legislature: one through eight concern the broad area of energy policy; nine and ten are in the interests of conservation; eleven and twelve involve direct assistance; thirteen and fourteen concern transportation.

1. At present, energy assistance programs are distributed throughout a duplicative, uncoordinated system that is inherently difficult to monitor.

The Citizens Task Force recommends that the legislature take direct and immediate action to the end that the administration of conservation and direct assistance programs be appropriately coordinated. The Citizens Task Force further recommends that the Legislature direct that an Advisory Committee — to include a majority of fixed and low income people — be established to serve such designated authority in energy matters of concern to fixed and low income people.

2. An existing maze of often confusing and conflicting information, directives and procedures obscures assistance intended for fixed and low income people.

The Citizens Task Force recommends that the Legislature request the Executive Branch to define authorities and responsibilities of all public and private non-profit agencies, such as Area Agencies on Aging and Human Resource Development Councils, that provide assistance in energy matters.

3. It is realized that many of the energy problems of fixed and low income people would be addressed under the Public Utility Regulatory Policies Act of 1978 (PURPA). Funding for the administration of PURPA has not been provided by the Montana Legislature. The Act consists of six sections: I contains rate structure and policy reform standards; II contains a number of provisions concerning wholesale rate regulation, incentives for

cogeneration and small power production, III concerns natural gas utilities and requires state commissions to review gas utilities' termination procedures and advertising cost-recovery policies, and mandates that the Department of Energy study gas utility rate design issues; IV establishes a loan program to encourage small hydroelectric power projects; V concerns crude oil transportation systems; VI contains a number of miscellaneous provisions.

The Citizens Task Force will recommend that the Montana Public Service Commission implement the intent of PURPA, and recommends that the Legislature appropriate funds for Public Service Commission administration of PURPA.

4. Current, accurate information on the energy needs of fixed and low income people is not consistently available, and the lack of a centralized data system impedes adequate, timely solutions to problems.

The Citizens Task Force recommends that utilities, because of their consistent relationship with households, be used as a data resource between agencies and households. The Citizens Task Force also recommends that the Legislature designate the appropriate existing agency to identify and analyze energy needs of fixed and low income people, using existing data with evaluation and review every 24 months; data from Human Resource and Development Councils and utilities such as Montana Power Company, Montana-Dakota Utilities and cooperatives; and data from the 1980 census.

5. Because of the overriding importance of alternative technologies to future energy requirements, the Citizens Task Force recommends that the Legislature support and encourage development of alternative technologies and efforts in research and development of increased energy efficiency in building heating and cooling, housing, and transportation.

6. Because policy boards recommend actions which affect the lives of people in direct ways, problems are often created or aggravated by the failure of such boards to assess accurately the needs of fixed and low income people.

For this reason the Citizens Task Force recommends that the Legislature request that fixed and low income people be included on all appropriate policy boards, to contribute information based on experience.

7. Information on energy assistance for fixed and low income people is sometimes insufficiently available — with the result that many people in need of such assistance either do not know it is available or do not know how to obtain it.

The Citizens Task Force recommends that the Legislature direct that a comprehensive list of energy programs for fixed and low income people be maintained and be made available through all agencies and programs administering assistance to low income people, and that an appropriate and standardized system of distribution of energy assistance information be developed for use by all appropriate agencies.

8. Energy conservation education and information on energy assistance programs are especially needed — and are especially difficult to make uniformly available — in the more sparsely populated rural areas of Montana.

The Citizens Task Force recommends that the Legislature direct the appropriate agencies to identify central locations in towns for rural area distribution of information on energy assistance for fixed and low income persons and request all agencies to use the same distribution locations when and where feasible. The Citizens Task Force further recommends that the Legislature provide resources and technical expertise to rural areas, using existing agencies such as county extension agents. It is asked

that funding be appropriated to expand the efforts of county agents to include resources and technical expertise to promote and improve energy conservation in rural fixed and low income households.

B. Conservation

It is the considered opinion of the Citizens Task Force that conservation is important — perhaps crucial — to solving the energy problems of fixed and low income people.

The State of Colorado Governor's Office estimates that a comprehensive energy conservation plan to thermal-retrofit every single-family detached home in that state would have a total net savings of over \$2 billion in individual utility bills in ten years. The Colorado Executive Office further states: This is "the equivalent to the savings of not building two 500-megawatt electric generation plants."

And in 1978 Governor Thomas L. Judge said: "There is no need to give up the high quality of life that characterizes our society. But we must vigorously and creatively search for new sources of energy to support it . . . and we must form new attitudes of responsibility toward our natural resources by making conservation part of our way of life. Energy and conservation: We can't have one without the other. We must have both."

With this emphasis on conservation in mind, the Citizens Task Force makes the following recommendations.

9. Conservation offers the most readily available long-term solution to the energy problems of fixed and low income people. At the present time, energy assistance funding to provide weatherization for fixed and low income housing is limited to \$1,000 per unit, with only \$500 of that amount allowed for weatherization materials.

In order to expand weatherization to address sufficiently the problem of housing inadequate to conserve energy, the Citizens Task Force recommends that the Legislature appropriate Coal Tax or other funds available to supplement weatherization and energy conservation programs for fixed and low income dwellings, to be invested in retrofitting residences with adequate insulation and/or other energy conserving improvements. The Citizens Task Force also recommends that the Legislature direct that energy audits be financed with excess revenues or other available funds in areas where energy audits are not provided by utilities.

10. Because of the costly heat loss estimated to be the result of improperly adjusted or basically inadequate home heating systems, the Citizens Task Force recommends the Legislature direct that each energy assistance program recipient also be evaluated for weatherization eligibility and inspection of heating system, with adjustments and recommendations for improvement of the system's combustion efficiency. An allowance should be given to persons making such adjustments in accordance with an established schedule and certification procedure.

C. Direct Assistance

The Citizens Task Force supports development of conservation and alternative technologies as comprehensive, long-term solutions to energy problems. Those developments, however, require a process of time before they can influence energy problems. For fixed and low income people, energy problems are often the source of economic distress that cannot wait for the orderly evolution of response. It is essential that direct assistance—programs which offer immediate relief for immediate problems—be comprehensively maintained and coordinated.

11. The federally funded Home Energy Assistance Program (HEAP) is the program developed to replace the Energy Crisis Assistance Program (ECAP) which was formerly in place in Montana to provide energy assistance to low income people. (It is the current decision of the Department of Community Affairs to refer to all energy assistance programs, no matter what their federal designation might be, as "Fuel Bill Assistance Programs.") State matching funds would make it possible to implement fully HEAP for the benefit of Montana fixed and low income people needing assistance on energy problems.

The Citizens Task Force recommends that the Legislature appropriate necessary matching funds to obtain HEAP funding for a fuel bill assistance program in Montana conterminous with the federal Oil Windfall Profit Tax from which HEAP funding is made available.

12. Administrative problems and complexities at the federal level have characterized federal energy assistance programs in the past. Problems and complexities have existed in program administration on the state and local levels as well, and have been particularly disabling in the area of administrative costs.

The Citizens Task Force requests that the Legislature instruct the Legislative Council to undertake a study that would include:

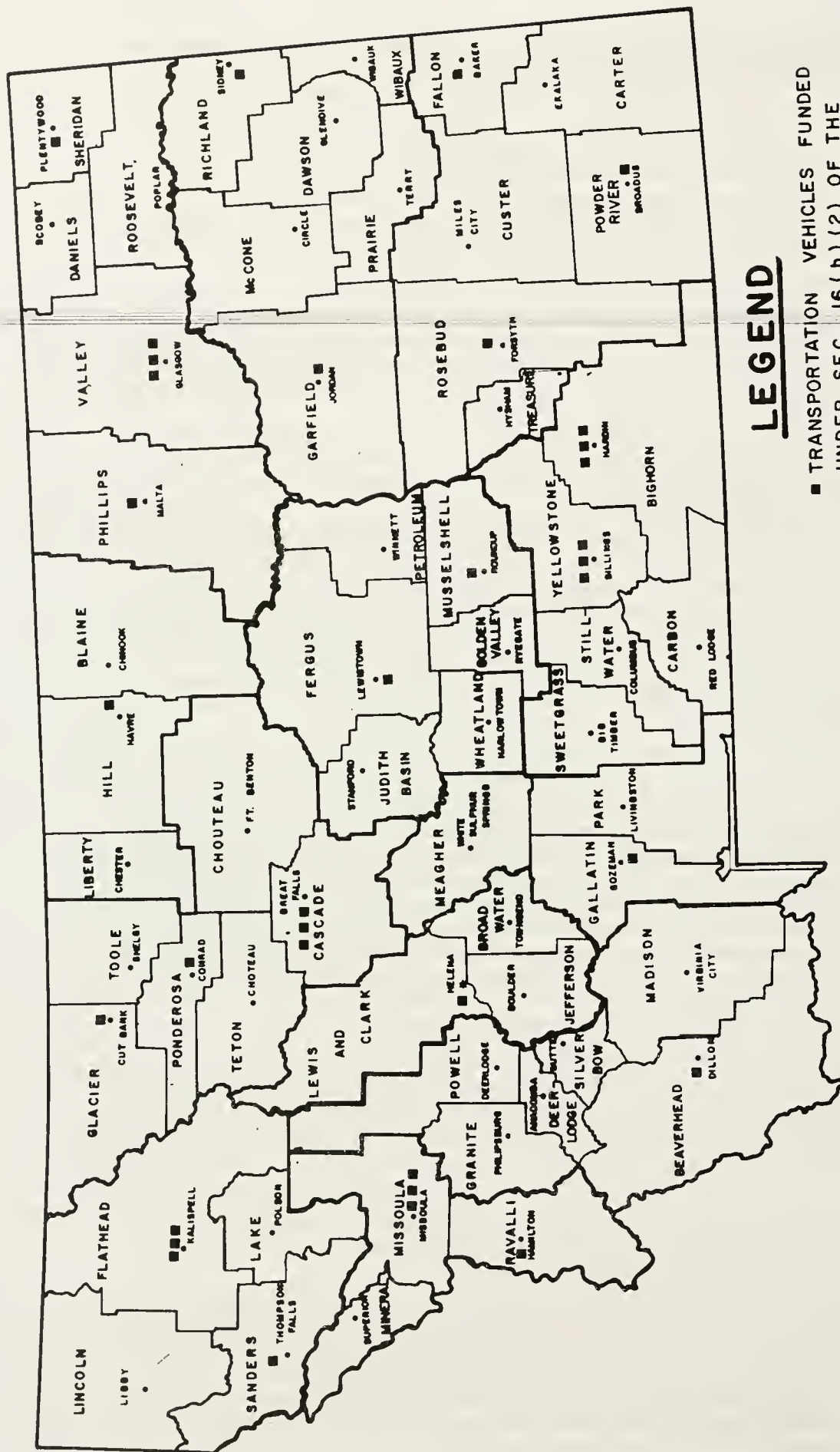
- a. Review of administrative needs and costs to run programs on state and local levels in this primarily rural state;
- b. Documenting the impact of costs to administer programs affected by compliance standards imposed by state and/or federal action and, if deemed necessary, increasing funding for local administration costs. (Dr. Jeffrey Demetrescu, former director of the ECAP process through the Department of Community Affairs, states: "At the local level, where it could do the most good, there was never adequate administrative money for the ECAP program— and this was particularly true for the larger cities in Montana such as Great Falls, Billings, Helena and Missoula.")

D. Transportation

Because transportation problems of fixed and low income people are aggravated by energy costs, the Citizens Task Force requests that a significant effort be made on the state level to resolve such transportation problems. Montana's great size, the lack of any public transportation system, the fact that private automobiles most frequently available to low income people are older cars expensive to maintain and to operate, all contribute to a transportation problem of considerable magnitude. Low income people are often, due to this one condition, impeded in access to lower-priced food supplies, adequate medical attention, and even applying for work or reporting for jobs. The Citizens Task Force requests that the following points be considered in efforts to resolve low income transportation problems.

13. In Montana, great distances exist between many communities, and only limited transportation is available between communities. Study should be made of the feasibility of coordinating existing transportation facilities in rural areas. (Refer to Map II on page 18).
14. The effect of car condition on gas mileage has been proven a critical factor in fuel economy. According to the U.S. Department of Energy, just one misfiring spark plug, often not even noticeable to a driver, can reduce gas mileage by seven percent. Two misfiring spark plugs can reduce mileage by 20 percent.

Automobiles of fixed and low income people are often older vehicles poorly engineered for fuel conservation, and regular maintenance is usually beyond the economic capacity of fixed and low income people. It would improve the transportation situation of low income people if tune-ups could be provided through an assistance program. The Legislature is asked to investigate possibilities of such assistance, and is asked to consider a contract arrangement with local mechanics or vo-tech students for work to be paid either directly through an assistance program or through incentives such as tax credits.



LEGEND

TRANSPORTATION VEHICLES FUNDED
UNDER SEC. 16 (b) (2) OF THE
URBAN MASS TRANS. ACT OF 1964
PROVIDING FUNDS FOR THE PURCHASE
OF CAPITAL EQUIPMENT FOR THE
TRANS.

MONTANA

TRANSPORTATION VEHICLES

TO THE GOVERNOR OF THE STATE OF MONTANA

1. The Citizens Task Force on Energy Problems of Fixed and Low Income Consumers recognizes the essential role of conservation in solving energy problems. The Citizens Task Force acknowledges that it is a frequent attitude that conservation equates with spartan existence and sacrifice, and that such attitude interferes with wide-spread acceptance of conservation measures and methods. It would be of benefit if the essential message were promoted that attitudes of conservation are a matter of living responsibly and that responsible living is meaningful living.

The Citizens Task Force requests that the Governor direct the Public Communications Director, Department of Administration, to develop energy demonstration projects in conjunction with appropriate agencies that would produce awareness of and action in do-it-yourself weatherization projects, through such media as television, hands-on demonstrations, publications, schools, and traveling audio-visual presentations, and that a public education program be developed to emphasize the advantage of conservation.

2. It is sometimes the case that persons serving on boards and advisory councils, though well-meaning, do not produce meaningful results because of a basic unawareness of the facts of low income living.

The Citizens Task Force requests the Governor to appoint low and fixed income people to those boards and advisory councils he has authority to appoint. It is requested that statutory regulations be investigated for change so that fixed and low income people can be included in such statewide bodies as:

- Governor's Poverty Advisory Council
- Governor's Task Force on Citizen Participation
- Board of Health and Environmental Sciences
- Board of Housing
- Board of Public Education
- Board of Social and Rehabilitation Appeals
- Developmental Disabilities Planning and Advisory Council
- Economic Advisors Council
- Employment and Training Area Advisory Council
- Energy Advisory Council
- Human Rights Commission
- Legal Services Advisory Council
- Mental Health Advisory Council
- Vocational Education Advisory Council
- Youth Justice Advisory Council

3. Eligibility forms and procedures would be more effective by being clearer and more relevant. The possibility of achieving this goal would be encouraged if fixed and low income people could contribute their experience and knowledge to determining the eligibility process.

The Citizens Task Force recommends that the Governor appoint a committee of appropriate state agencies, with the inclusion of fixed and low income people, for the purpose of simplifying eligibility forms and defining screening procedures for energy assistance programs.

4. Bureaucratic language and complex structures often interfere with effective communication.

The Citizens Task Force requests the Governor to direct that a simple brochure be developed describing agency programs providing energy assistance for fixed and low income people.

5. Energy Assistance program recipients would often prefer the opportunity to work out assistance benefits through volunteer work; peers are usually able to communicate information more effectively than people who are outside the peer category.

The Citizens Task Force recommends that the Governor request all agencies to use volunteers and peers to perform outreach services and other necessary work wherever and whenever it is possible to do so.

6. Handicapped people often are restricted to limited fixed incomes, and often have special living requirements! Among those requirements is the need of handicapped people with wheelchairs for cars or vans with wheelchair-carrying capacity. Those vehicles thus equipped often require greater amounts of fuel.

In concern for the special transportation needs of handicapped people, the Citizens Task Force requests the Governor direct the Department of Natural Resources and Conservation or other appropriate agency to give special consideration to handicapped people in any plan of gasoline rationing.

7. The Citizens Task Force recommends that the Governor continue to emphasize at National Governors Association meetings the destructive effect of inflation on the people of this country and the corrosive influence of inflation on the energy problems of fixed and low income people.

The Citizens Task Force also asks the Governor to charge the Governor's Council of Economic Advisors to address the challenges of inflation as a foremost priority.

TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION

1. In acknowledgement that conservation and energy awareness will likely be part of life throughout the future as far as the future can be seen, the Citizens Task Force on Energy Problems of Fixed and Low Income Consumers requests that energy education be made mandatory in the public school system of the State of Montana; and that
2. Conservation principles in driving techniques be included in the mandatory curriculum in driver's education classes in the public school system of the State of Montana.
3. Because the generally inadequate personal transportation of fixed and low income people interferes with getting jobs, reporting for work, and traveling for medical and other assistance; because the older cars generally available to fixed and low income people are fuel-costly; and because regular maintenance required to keep vehicles fuel conservative is beyond the ability of low income persons to pay, it is asked that vo-tech and other schools offer auto-maintenance courses to teach fixed and low income people how to maintain their own cars; and that vo-tech schools be encouraged to offer tune-up services to fixed and low income people at reduced rates.

TO THE PUBLIC SERVICE COMMISSION

1. Because of the inability of fixed and low income people to keep pace with the ever-increasing costs of energy, the Citizens Task Force on Energy Problems of Fixed and Low Income Consumers recommends that the Public Service Commission implement the intent of the Public Utility Regulatory Policies Act (PURPA) with special attention to the energy problems of fixed and low income persons. The Citizens Task Force informs the Public Service Commission that it has recommended to the Montana State Legislature that the Legislature appropriate funding to the Public Service Commission adequate for the administration of PURPA.

3. The energy problems of handicapped people are especially crucial not only because handicapped people often live on fixed incomes that cannot increase to accommodate rising energy costs, but also because of the severe effect of particular energy needs on the lives of handicapped people. For example, handicapped persons often need higher than average home temperature settings because of impaired circulation, and air conditioning is often a necessity, not a luxury, for people with multiple sclerosis.

The Citizens Task Force requests that the Public Service Commission direct all Montana's energy suppliers to maintain up-to-date lists of persons who have life-sustaining or health-maintaining energy requirements, and that those people be protected from energy shut-off regardless of energy source.

3. Because of misinformation and inadequate information, many fixed and low income people do not receive essential reports, notices and other information.

The Citizens Task Force recommends that the Public Service Announcements from utilities be improved and increased to better communicate such information as consumer-use data and life-sustaining and shut-off policies.

TO MONTANA'S ENERGY SUPPLIERS

1. The energy problems of handicapped people are especially crucial not only because handicapped citizens are often on fixed incomes that cannot increase to accommodate rising costs of energy, but also because of the severe effect of particular energy needs on the lives of handicapped people. For example, handicapped persons often need higher than average home temperature settings because of impaired circulation, and air conditioning is a necessity, not a luxury, for people with multiple sclerosis.

The Citizens Task Force on Energy Problems of Fixed and Low Income Consumers requests that Montana's energy suppliers maintain up-to-date lists of persons who have life-sustaining or health-maintaining energy requirements, and that those people be protected from energy shut-off regardless of energy source.

2. Adequate solutions to the energy problems of fixed and low income people are often delayed or obstructed by the lack of current, accurate information on energy needs.

The Citizens Task Force requests electrical energy suppliers, because of their consistent relationship to households, to act as a data source between agencies and households in need of energy assistance.

3. Inadequate distribution of information often impedes the flow of essential reports, notices and other data to low and fixed income consumers.

The Citizens Task Force requests Montana's energy suppliers to improve and increase their public service announcements in order to facilitate the communication of such information as consumer use notices and shut-off and life-sustaining policies.

4. In an effort to expand training of weatherization workers and to increase job opportunities simultaneously, the Citizens Task Force requests utility companies to assist in training weatherization workers through local HRDC programs, and further requests energy suppliers to consider such trained workers for employment in energy audit programs.

5. Energy conservation education and information on energy assistance programs contribute substantially to relieving the energy problems of fixed and low income consumers, but are difficult to make uniformly available to all people who need such information.

The Citizens Task Force requests energy suppliers to use their resources to distribute information on energy conservation and energy assistance to Montana residents. This education and information distribution would be of particular benefit to this state's fixed and low income consumers.

TO THE BUILDING CODES ADVISORY COUNCIL

Excessive energy consumption drives the price of energy up and makes it more expensive for all. Adequate, realistic and effective conservation measures can treat a basic source of energy cost problems at the same time the symptoms are treated.

As history is a relentless teacher, it must be borne in mind that the dwellings being constructed in the present will likely become in some future generation the homes of people on fixed and low incomes. It is therefore imperative that current construction standards recognize the most feasible weather-integrity concepts. In addition to benefitting the whole population by reducing energy consumption overall, the following measures would provide both immediate and on-going benefit to a large portion of fixed and low income consumers.

The Citizens Task Force on Energy Problems of Fixed and Low Income Consumers requests that the Building Codes Advisory Council:

1. Encourage a weather-integrity code for buildings, including mobile/manufactured homes, with consideration of a grandfather clause for existing structures; and that
2. Funding be provided for the training and employment of inspectors to implement codes relating to energy integrity of buildings including mobile/manufactured homes.
3. The Citizens Task Force further requests the Council to review the cost-effectiveness of different heating systems in new construction.

TO THE MONTANA CONGRESSIONAL DELEGATION

Because federal regulations and guidelines directly determine the effectiveness of energy programs administered in the states, and because existing federal energy assistance program regulations often frustrate state efforts to provide meaningful help to the people of Montana the Citizens Task Force on Energy Problems of Fixed and Low Income Consumers makes the following requests:

1. That the Montana Congressional Delegation extend their efforts to effect changes in federal low income energy assistance programs so that assistance programs would:
 - a. Be on-going in structure and be authorized and funded by legislation enacted by the Congress;
 - b. Authorize each state to adjust and design their own energy programs, including certification of eligibility, based on their unique weather conditions, population distribution, and other factors such as size of the low income and elderly populations and their energy usage and costs. These federal programs should operate with federal funding;
 - c. Specify that appropriate supplier lines of credit be established with attention to the problems of fuel oil suppliers, in order that fixed and low income people could more easily purchase heating fuel;
 - d. Emphasize conservation as a holistic concept of energy assistance.
2. The Citizens Task Force further requests that the Montana Congressional Delegation sponsor the establishment of a Congressional Oversight Hearing to determine ways to better coordinate existing energy assistance programs.

VI SYNOPSIS OF TASK FORCE MEETINGS

March 6 and 7, 1980

During the first meeting of the Citizens Task Force on Energy Problems of Fixed and Low Income Consumers, Keith Colbo, then Director of the Department of Social and Rehabilitation Services, was elected chairman.

At the first meeting Senator Bob Watt of Missoula spoke to the group, outlining inflation as a key factor in the energy problems of fixed and low income people. Senator Watt cautioned the Task Force to maintain a dual goal — that of working out a way to provide needed assistance while encouraging conservation. The Senator said the challenge is to reduce "the costs of energy to the poor and fixed income while reducing consumption."

Also addressing the Task Force at the first meeting was Ed Kepler, Director of the National Center for Appropriate Technology (NCAT). Mr. Kepler emphasized the necessity of reducing consumption as a key factor in addressing the energy problems of fixed and low income people, and told Task Force members, "No society can be proud if it doesn't care for its young, old and poor." Mr. Kepler also gave each member a copy of the NCAT publication, **Energy and the Poor**.

Each member of the Task Force also received a copy of the Cleveland State University report, **Energy Assistance Programs and Pricing Policies in the Fifty States to Benefit Elderly, Disabled or Low Income Households** and of **Poverty in Montana**, a statistical analysis prepared by the Community Services Division of the Department of Community Affairs.

April 10 and 11, 1980

At the second meeting the first speaker was Bill Opitz, Executive Director of the Montana Public Service Commission, who described the history of the PSC and explained the Commission's role in regulating and supervising public utilities, water and sewer services, railroads, transportation, and motor carriers. Opitz also described the rate-making process, the petitioning process for intervenors, and the function of the Consumer Counsel.

He outlined the formula used to establish a rate of return for the utilities. Depreciation rates and bond ratings also were discussed.

A primary topic presented by Mr. Opitz was the scope of the Public Utility Regulatory Policies Act (PURPA), the National Energy Act passed by the Congress in 1978. Mr. Opitz explained that PURPA evaluates eleven various standards:

- cost of service
- time of day pricing
- master metering
- advertising
- lifeline rates
- procedure for termination of service
- automatic adjustment clauses
- declining block rates
- interruptible rates
- load management techniques
- consumer information

Mr. Opitz also described NECPA, the National Energy Conservation Policy Act, which allows states the option of developing their own conservation plans, and commented that, since there were no administrative funds, Montana had decided to forego development of a Montana plan and accepted the federal plan for this state.

Also speaking at the second meeting was John Larish, one of the authors of the **Poverty in Montana** study and an employee of the Department of Community Affairs.

Rick Cronen, Manager of Energy Programs for the Department of Community Affairs, focused on the energy programs operated by his agency and stated that Montana provides no direct funding for energy assistance programs. Cronen also stated that 43,000 homes are eligible for weatherization; that 6,000 audits have been completed with a back-log of 1,200 applications for weatherizing work. Cronen added that current programs do not meet the needs of low income people, allowing only \$1,000 per unit for weatherization with a maximum of \$500 of that amount allowed for materials. He said \$500 is too limiting and does not help when roof repairs and furnace modifications are needed.

Cronen also stated that in Montana, middle class people spend three to five percent of their incomes on home heating while low income people, allowed to have an income of up to \$5,625 for two people, at present spend 15 to 30 percent of their incomes on home heating. Cronen also emphasized the need for conservation education and for education about existing programs.

Allen Bjergo, economist and community development specialist with the Soil Conservation Service, cited four key areas for causes of inflation: expanding money supply, expanding consumer demand, debt, and declining productivity.

Tom Roy, professor of sociology at the University of Montana, emphasized choices the group faces in looking at programs to help low and fixed income people. Roy defined four key questions to answer when looking at programs and social policy:

1. Who shall benefit?
2. What form should the benefit take?
3. Who should pay for the benefits?
4. How should the benefits be delivered?

Roy explained universal and selective approaches to administering programs. Programs that are universal help a broad group of people, while those that are selective focus on a narrow group. For example, a universal approach would insure everyone adequate fuel, but each individual would receive a lesser amount. A selective approach would narrow the benefits to fixed and low income people, who would receive a higher individual benefit. Selective approaches benefit those most in need, but result in higher administrative costs to define who is in need.

"Your final choices may be contradictory," Roy said. "If you are serious, you must provide leadership."

May 15 and 16, 1980

Featured speaker for the third meeting was Jean Standish, research and administrative assistant with the Regional Development Department of the College of Urban Affairs at Cleveland State University. Standish was a member of the research team that compiled the study, **Energy Assistance Programs and Pricing Policies in the Fifty States to Benefit Elderly, Disabled, or Low Income Households.**

She described five categories of help:

1. Direct financial assistance — income transfer
2. Lifeline rates
3. Weatherization and conservation
4. Load management — lower peak demands
5. Service disconnection policy

Ms. Standish talked about various approaches under each of the five categories. Types of direct financial assistance ranged from a \$125 one-time payment to energy stamps and tax refunds. Fifteen states have some type of state-funded direct assistance energy program, according to Ms. Standish, and 32 of the 46 state regulatory commissions have considered lifeline rates. State participation, including use of state funds to supplement federal programs, was also described under weatherization and conservation. Tax incentives, tax credits and educational efforts were other types of programs.

Load management was defined with emphasis to reduce the peak loads. However, Ms. Standish stated, the savings may or may not be low enough to warrant investment. Forty-one states have tried some form of seasonal peak load or time-of-day policy with varying degrees of success.

Service disconnection policy was discussed in light of the standards of the Public Utility Regulatory Policies Act (PURPA). Twenty-three commissions have adopted PURPA standards, according to Ms. Standish. It was pointed out that most regulated electric and gas utility services in Montana cannot be disconnected from November 1 through April 1 of each year.

Ms. Standish emphasized that energy programs must be simple and easily accessible, and need to be integrated. The most beneficial programs determined by the Ohio study were: rate structure reforms, energy credits, weatherization and conservation, reform of disconnect policies, and utility regulatory reform. The least effective was an energy stamp concept.

"There is no single best way to alleviate hardship," Ms. Standish said. She reminded the group that, "There is no national policy concerning energy and the poor," and emphasized, "each state must look at its own problems. You need a good data base and an organized delivery system. The prime actors are sitting around this table."

Ms. Standish also mentioned that middle income people slide increasingly into low income category as costs inflate and, therefore, as the rate of economic slide accelerates, low income people rapidly become a major proportion of the population.

Stressed throughout her presentation were four points:

1. Look at Montana — you are different from anyone else.
2. You have your own needs.
3. What is politically possible?
4. What money is available?

Following Ms. Standish's presentation, the Task Force worked to narrow the main problem areas to four main subjects:

1. Conservation
2. Direct Assistance
3. Data Collection
4. Lack of a comprehensive energy plan for fixed and low income people.

June 19 and 20, 1980

At the fourth meeting, in-depth discussions were held on numerous subjects.

The Building Energy Performance Standards (BEPS) federal program proposal, which planned to use building codes to regulate energy use by limiting the amount of energy a building could be designed to consume, was described. The negative effects of the program on low income people would be to restrict incentives to build smaller houses, to increase costs of building low income housing from five to seven percent, and to reduce the number of apartments constructed.

The booklet **Energy Saving Laws** was summarized, as was the Second Annual Report of the National Center for Appropriate Technology.

A report on weatherization from the Department of Community Affairs was discussed, with maps indicating population concentrations, by region, of low income people and fuel sources — utility gas, fuel oil, bottled gas, and coal.

The Direct Assistance handout brochure was reviewed, with Aid to Dependent Children, medical assistance, and other Title XX programs explained. Low income housing was discussed, and additional information on Public Utility Districts was requested.

Members reported on reactions to Task Force efforts from the groups the members represent. Each member reported to his or her home group on the developments of the Task Force study each month, and brought to each Task Force meeting comments, suggestions and questions from the home groups.

July 24 and 25, 1980

The fifth meeting started with a briefing on requests that have been received for descriptions of the work of the Task Force. The group was commended by David Sweet, Dean of the College of Urban Affairs at Cleveland State University, at the meeting of the Western Public Service Commissioners in Anchorage, Alaska. Requests for information on the group have come from Virginia, Arizona, and New York.

Answers to questions about public utilities were reviewed. At the present time there is not a statute specifically authorizing the establishment of publicly owned electric utility systems in Montana. Rates for public utilities and private utilities were presented in the **Energy Data Report of Typical Electric Bills for January 1, 1979**, produced by the U.S. Department of Energy. Rates showed utilities that receive power from the Tennessee Valley Authority (TVA) had no significantly lower rates. Some utilities in Washington and Oregon were lower due to power purchased from the Bonneville Power Authority (BPA), while Nebraska's Public Power Districts had rates higher than Montana's. The mix of power by source, i.e., hydro, coal, nuclear, seemed to be a key factor in rate comparisons.

Questions were asked about the BPA, plant construction in the rate base, and bond sales. Another question centered around the difference between the terms "fair value" and "original cost," which are calculations used in determining the rate base. "Fair value" is a composite rate base including replacement cost new, original cost, and original cost less depreciation. "Original cost" is the cost of the plant at the time it is first devoted to public service. Rates in Montana are based on original cost less depreciation. For example, if Colstrip had been built in 1954, the cost to build it then minus its depreciation to the present time is the figure used in Montana.

Discussion continued on the role of the Public Service Commission, and balancing the ability of the consumer to pay with the financial soundness of the utility.

Records of life-sustaining devices were discussed along with recommendations for a Montana Energy Policy that is easily understood by users of services. Task Force members wanted to assure that no one with a life-sustaining need would be shut-off from service.

Involvement of the Montana Legislature was discussed, with plans to take several recommendations to the next legislative session. Establishing appropriate agencies to identify and analyze existing data, and review of administrative needs and costs were among possible recommendations.

Conservation suggestions were delineated, along with incentives for weatherization and energy conservation of fixed and low income rentals including multi-unit dwellings.

Defining the terms fixed and low income received extensive deliberation. Task Force members looked at Title XX guidelines, existing guidelines, and possible changes. Members felt that the income guidelines for fixed and low income should be 150 percent of the poverty level as stated by the Bureau of Labor Statistics.

Kent Mollahan, Director of the Housing and Community Facilities Bureau, explained current coordination attempts at the state level to bring together various programs concerned with energy. Titled the "Middle Level Management Group," members come from the Department of Natural Resources and Conservation and the Department of Community Affairs. Mollahan said the group hopes to coordinate grant applications, look at uniform energy audits, energy efficiency awareness, appropriate technology and commercialization, employment, and training. Purpose of the group is to look at coordination to avoid duplication of efforts. Mollahan asked the Task Force for input with ideas for the Middle Level Management Group.

Task Force members asked about the housing and energy problems of fixed and low income people. Mollahan explained Housing Authority Loans, possible alternatives for landlords in the Moderate Rehabilitation Program offered in the major cities, and the Building Codes Advisory Council.

The special problems of people who use fuel oil and propane were discussed. Attitudes of some rural people, together with the long distances involved in applying for the receiving assistance, were explained as reasons many low income rural people resist applying for sorely needed help.

Use of television, energy education in the schools, inverted rate structures, and transportation issues were discussed. Participation by fixed and low income people on policy boards received strong support. There will be further study to determine which boards should have fixed and low income persons on them.

Mark Hurlbut, Coordinator for this year's HEAP program, explained the coming energy assistance program and proposed regulations. Problem areas such as required minimum match were explained. If regulations proceed along the federal level, the state will be required to provide \$350,000 in additional funds to administer the program. Also, many local Human Resource Development Councils are concerned about the percentage of administrative money used at the state level when local programs at the community level are required to carry a heavy burden of administration. The state has applied for a waiver for administrative costs.

August 21 and 22, 1980

Primary focus of the sixth meeting was an in-depth review of the first draft of the Task Force report, with changes recommended and defined. An outline format for the final report was adopted.

Bill Gosnell, Administrator of the Energy Division of the Department of Natural Resources and Conservation, spoke to the group and distributed handout material on the Energy Division to the members.

Mr. Gosnell described four bureaus that come under the Energy Division:

Fuel Assistance Bureau, handling such programs as fuel allocation and oil recovery;

Planning and Analysis Bureau, involving economic analysis under the Facility Siting Act, and all special energy projects;

Renewable Energy Bureau, budgeted at 2.5 percent of the Coal Severance Tax to provide for research into renewable and non-fossil fuel energy in Montana; and the

Conservation Bureau.

Rick Itami, Chief of the Conservation Bureau of the Energy Division, explained programs of the Conservation Bureau:

The State Energy Conservation Program attempts to affect every conservation sector in the state and works in such areas as the 55 mile-per-hour speed limit, developing car pool/van pool programs and other energy conservation innovations;

The Institutional Building Grant Program works under a matching 50-50 funding arrangement for all public institutions, such as schools and hospitals, to conduct a normal type of audit, energy conservation, and retrofitting;

The Thermostat Program examines thermostats around the state; and

The Energy Extension Service as a main focus offers technical assistance to local governments. The Service also offers \$20,000 grants to implement energy management plans for local governments and works with intermediate-sized cities of 2,800 to 9,000 population.

Mr. Gosnell told the group that there is a lack of coordination of all federal programs, and added that he thinks the utilities do not help enough. He said he would like to see an energy program, and an energy committee to coordinate and be accountable for funds.

**THE CITIZENS TASK FORCE ON ENERGY PROBLEMS
OF FIXED AND LOW INCOME CONSUMERS**

MEMBERS

Monte Azure
Box 85
St. Ignatius, MT 59865

Keith Colbo
Former Director, Department of
Social and Rehabilitation Service
Helena, MT 59601

Alice Flynn
909 S. Grand
Bozeman, MT 59715

Harold Frysliie
Dept. of Community Affairs
Helena, MT 59601

Karen Hess
1501 Second Ave. S.
Great Falls, MT 59405

Beverly Johnson
616 Cynthia Drive
Kalispell, MT 59901

Bob Kelly
Champion International Corporation
Suite O
619 SW Higgins
Missoula, MT 59801

Rev. Franklin Kohl
Montana Association of Churches
1715 First Ave. N.
Great Falls, MT 59401

Mitchell Mihailovich
Business Manager
Plumbers & Pipefitters Local 41
Box 3172
Butte, MT 59701

Vivian Miller
620 Fairview
Missoula, MT 59801

Randall Morigeau
Box 1523
Polson, MT 59860

Sharon Peterson
Route 1, Box 7
Winifred, Mt 59489

Loretta Plovanic
213 10th Avenue
Havre, MT 59501
Stan Rogers
2031 Hewitt Drive
Billings, MT 59102

Paul Schmechel
President
Montana Power Company
40 E. Broadway
Butte, MT 59701

Carl Visser
President
HRDC Directors Association
District VII HRDC
2518 1st Ave. N.
Billings, MT 59101

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